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PETROLEUMS LIMITED**

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INTERIM REPORT

on



**DYNAMIC PETROLEUM
PRODUCTS LTD.**

and its controlled affiliates



R FEB 26 1963

**ROYAL CANADIAN VENTURES
LTD.**



**MILL CITY PETROLEUMS
LIMITED**

1011-A - 17th Avenue S.W.
CALGARY, ALBERTA
Telephone 244-9301

February 18th, 1963

Your directors are pleased to report that Dynamic and its controlled affiliates are all continuing to make good progress.

In a period of strong competition and adverse conditions, these companies have continued to grow, each in keeping with its financial ability. Shareholders of the Dynamic group are reminded that the market price of the shares in their respective companies only reflects the price at which buyers are prepared to bid at any given time, and that present deflated market prices are not necessarily in keeping with the intrinsic value of shares of these companies.

For the information of the shareholders and correspondents, we make the following brief report on each company's activities. Shareholders of Dynamic should take note that, because of Dynamic's large share holdings in Royal Canadian Ventures Ltd. and in Mill City Petroleum Limited, they hold an indirect interest in both of these companies.

Dynamic Petroleum Products Ltd.

Of prime importance to Dynamic during the past few months has been the acquisition by Dynamic Petroleum Products Ltd. and Royal Canadian Ventures Ltd. of 2,165,780 shares of Mill City Petroleum Limited. These shares were purchased through various stock exchanges and privately, as to one-third by Dynamic and two-thirds by Royal Canadian Ventures Ltd., at a cost of \$723,000.00, or approximately 33¢ per share.

Preliminary evaluation of Mill City indicates that Dynamic and Royal Canadian Ventures Ltd. have made a very good buy and that the actual value of shares of Mill City is in excess of the average cost.

Recently Dynamic sold its producing properties in Saskatchewan to Union Oil Company of Canada Limited for the sum of \$212,513.00, realizing a substantial profit on this transaction.

The acquisition by Dynamic of all of the assets of Marpoint Gas & Oil Corporation Limited for 2,099,313 shares of Dynamic, has been achieved, and the exchange of shares of Dynamic for shares of Marpoint has, for the most part, been completed.

Royal Canadian Ventures Ltd.

Dynamic holds 47.2 per cent of all issued shares of Royal Canadian Ventures., (1,700,000), and will shortly acquire such additional shares as may be necessary to bring it into the classification of being a controlled subsidiary of Dynamic. Royal Canadian Ventures Ltd. has now completed registration within the Province of Saskatchewan, and has purchased its first lands in that province in the Midale Field at a recent Crown sale.

Consolidated gross income for Royal Canadian Ventures Ltd. and its wholly owned subsidiary, Roycan Petroleum Inc., was the sum of \$101,794.18 for the past year. Producing properties located in Alberta are continuing to perform well. As pointed out in the section under Dynamic, Royal Canadian Ventures Ltd. holds two-thirds interest in all the shares of Mill City purchased. Last year, the Company continued to carry out exploration and prospecting in British Columbia, and acquired by staking and option, several interesting prospects. One particular prospect was acquired by staking because of its probable value in tungsten. We were pleasantly surprised that, on assaying samples from this particular prospect, we had values as high as one ounce of gold per ton. Naturally this coming spring and summer, considerable attention will be devoted to this property.

Mill City Petroleum Limited

At the Shareholders' Meeting on December 21, 1962, nominees of Dynamic Petroleum Products Ltd. and Royal Canadian Ventures Ltd. were elected to the Board of Directors of Mill City as follows:

Roger D. Paugh
Frank Brown
R. Clive Brown
Virgil R. Chamberlain, *since resigned*
William G. Crook
Archie P. Newall, Jr.
R. Zimmermann
A. P. Newall
H. M. Johnson

Roger D. Paugh was appointed President; Frank Brown, Vice-President; and R. Clive Brown, Secretary-Treasurer. Those shareholders of Mill City who have held their shares during the past year and have been receiving mail from both Roger D. Paugh and the former President, should be reasonably familiar with the Company's affairs. The new Board of Directors is now carrying out certain evaluations of the Company, and we expect that the next Annual Report to shareholders will be most informative and complete in every detail.

For the benefit of those shareholders of Dynamic and Royal Canadian Ventures Ltd. who are not familiar with Mill City, we are enclosing a brief resume of this Company's position as of June 30, 1962.

Year	Producing Oil and Gas Wells in which the Company has an interest	Gross Land Holdings in Acres	Net Revenue before depreciation and amortization	Working Capital
1958	89	105,905	\$232,594.18	\$(50,715.95)
1959	98	4,103,987	179,495.43	4,360.03
1960	97	4,104,311	180,294.42	126,139.93
1961	97	4,114,505	226,363.56	276,660.62
1962	101	4,214,505	253,274.00 (estimated)	353,014.22 (estimated)

Of particular interest in the Mill City land holdings is a 10% interest in 4,100,000 acres located in the Arctic Islands. This is now developing into a most interesting exploration project with drilling planned for this year on the largest of the four known structures.

Respectfully submitted,

Frank Brown

President, Dynamic Petroleum Products Ltd.
Vice-President, Royal Canadian Ventures Ltd.
Vice-President, Mill City Petroleum Limited